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RUEHNE/AMEMBASSY NEW DELHI PRIORITY 8539
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RUEHKSO/AMCONSUL SAPPORO PRIORITY 9030
RUEATRS/TREASURY DEPT WASHDC PRIORITY
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RUCPDOC/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RUEHIN/AIT TAIPEI PRIORITY 7069
RUEHGV/USMISSION GENEVA PRIORITY 3353
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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 001678

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TAGS: PGOV PREL KGHG AS JA
SUBJECT: PM RUDD VISIT: "A NEW PROPOSAL EVERY DAY"

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Classified By: Ambassador J. Thomas Schieffer, reasons 1.4(b),(d).

Summary

¶1. (C/NF) During their June 12 meeting, Prime Minister Yasuo Fukuda and Prime Minister Kevin Rudd affirmed the importance of the Japan-Australia bilateral relationship and their commitment to expand bilateral security and economic cooperation, MOFA told Embassy Tokyo. PM Fukuda responded cautiously to PM Rudd's proposals to set up an international commission to pursue disarmament and nonproliferation, formally add a fourth "pillar" to the Japan-Australia trade relationship and establish a comprehensive Asia-Pacific community. Our MOFA interlocutor noted that PM Rudd "seemed to come up with a new proposal every day he was in Japan" and that "it is a lot for us to digest at this point." Nevertheless, the Japanese welcomed PM Rudd's efforts to stress both the importance of Australia's ties with Japan and the need to ensure that whaling does not overshadow the bilateral relationship. PM Rudd also "went out of his way" to emphasize his "neutrality" regarding China, our MOFA interlocutor said. End Summary.

Nonproliferation and Disarmament

¶2. (C/NF) Meeting for nearly two hours June 12, the two Prime Ministers underlined that Japan and Australia are comprehensive strategic, security and economic partners and are committed to further strengthening their cooperation for the sake of peace and stability in the Asia-Pacific region, MOFA Oceania Division Principal Deputy Director Masashi Takahashi told Embassy Tokyo June 17. The two leaders further confirmed their commitment to hold the Japan-Australia Joint Foreign and Defense Ministerial Consultations later this year.

¶3. (C/NF) Following up his June 9 speech in Kyoto in which he proposed the establishment of an international disarmament and nonproliferation commission, PM Rudd suggested to PM Fukuda that they first establish a Canberra-Tokyo commission for experts discussions to build the foundation for broader international participation. PM Fukuda's response was polite but lukewarm, Takahashi reported, with PM Fukuda noting that "it's basically a good idea, but there needs to be further coordination." Japan's view is that there are already mechanisms in place to discuss disarmament and nonproliferation, and that PM Rudd's proposal is "unnecessary," Takahashi said.

Economic Relations

¶4. (C/NF) The two Prime Ministers reaffirmed that the Japan-Australia economic relationship is highly complementary, including food and energy trade, and expressed their determination to further strengthen their bilateral ties, Takahashi continued. PM Rudd proposed enhanced cooperation in the service sector, especially in financial services, and proposed formally making services the fourth pillar of the Japan-Australia trade relationship (the three other pillars are mineral resources, manufactured products and agricultural goods). PM Fukuda's response was cautious, Takahashi reported; he told PM Rudd that he would like the two countries' experts to discuss this issue further on a sector-by-sector basis.

¶5. (C/NF) PM Fukuda and Rudd also recommitted themselves to working towards a mutually beneficial Economic Partnership Agreement (EPA) / Free Trade Agreement (FTA), "bearing in

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mind the sensitivities in their respective agriculture sectors," Takahashi said. PM Fukuda told Rudd that he attached "particular importance" to reference within any trade agreement to a stable supply of Australian energy and mineral resources.

Regional Cooperation

¶6. (C/NF) On the subject of cooperation with the United States, Fukuda and Rudd stressed the critical importance of trilateral cooperation in ensuring peace and stability in the Asia-Pacific region. They also confirmed that the two countries would continue to cooperate for a successful Trilateral Strategic Dialogue (TSD) process, the third ministerial meeting of which will be in Kyoto later this month, Takahashi said. PM Rudd further proposed -- following up his recent Sydney speech -- to commence discussions with Japan and others on the establishment of a comprehensive community in the Asia-Pacific region that encompasses political and security cooperation. PM Fukuda's response was again noncommittal, noting that he shared an interest in future cooperation and would like to discuss it with Australia and other countries concerned. "Japan needs more details about this proposal, and we recognize that there are certain sensitivities when it comes to Australia and its relations with certain countries, particularly Indonesia...we will have to see how others in Asia react," Takahashi explained.

Climate Change

¶7. (C/NF) PM Fukuda welcomed the ratification of the Kyoto Protocol by Australia and PM Rudd expressed gratitude to PM Fukuda for his leadership in this area. The two Prime Ministers affirmed the necessity of a new framework in which all economies participate in a responsible manner and confirmed that they would cooperate for the success of the upcoming Major Economies Meeting (MEM) in Lake Toya in July. As PM Fukuda seeks to push his Cool Earth Program, Australia

is a "natural ally," Takahashi explained.

"A New Proposal Every Day"

¶8. (C/NF) Rudd's lengthy visit to Japan included a stop in Hiroshima as well as Tokyo and Kyoto, and it seemed that "he had a new proposal during every day of his visit," Takahashi noted. "It is a lot for us to digest," and the Japanese Government is not yet ready to respond to all of the PM's ideas. Nevertheless, the Japanese welcomed the PM's obvious efforts to stress the importance of the Japan-Australia relationship, in spite of the recent dispute surrounding whaling. Significantly, PM Rudd underlined the importance of ensuring that whaling does not overshadow bilateral ties and said that "perhaps both sides could agree to disagree." The Japanese also noted that PM Rudd "went out of his way" to emphasize his "neutrality" regarding China, Takahashi said.

SCHIEFFER